

Private Cable Operators (PCOs), developers and property managers continue to push their marketing spins and canned letters. With so much information already published and countless consumer's horror stories, PCOs continue to tell us they offer a wanted service. If they have such a good product, why don't they use a market competition business model? The fact is they favor monopolies.

How developers and property managers got side tracked from their main business, and how they got involved in these shady exclusive, and bulk deals is beyond me. It would be interesting to find out, whose half cooked legal advice they were following. All the evidence voluntarily provided to the FCC by property managers confirms PCOs have used the current MDU loophole to prevent competition with the excuse consumers are getting a deal. PCOs are the ones getting the deal by ensuring a steady income and tying their customers to long terms exclusive and bulk billing agreements. Exclusive and bulk billing contracts by PCO are rampant and this business practice needs to be eliminated.

PCOs want us to believe that even when they offer amazing technologies and services, their customers would flee if it wasn't for their exclusive contracts. Meanwhile, there are many comments that PCOs customers are not getting a reliable service and they have to pay another service provider to get the service they need. PCOs services are not adequate, and that is why they have to lock us to an exclusive bulk deal.

Then, PCOs, developers and property managers go on to explain, that without these exclusive deals new developments and wiring updates would be nearly impossible.

Their arguments are flawed. It is the exclusive or bulk agreement that will prevent that wiring update from happening. Companies involved in bulk billing have a steady flow of income regardless of what type of service you get. They have no incentive to invest money in updates. Under exclusive or bulk billing deals your only option is to subscribe to another service provider while still paying your Homeowners Association (HOA) or property management dues for the unusable service contract.

PCOs letters also mention these agreements are wanted by homeowners when in fact most of these agreements are entered by developers during their period of control and before the first homeowner moves in. The developer either creates his own cable company or goes in a joint venture, shared revenue with an established PCO. The developer then received substantial revenues for the period of exclusive contract.

Property managers response letters mention that they get exclusive and bulk billing services at a 50% discount, while most of their customers claim to pay more than non-exclusive contracts. Developers and property managers negotiate a bargain price for services and then resell them to customer at a premium price, while pocketing the profit.

For property managers the numbers don't support their aggressive involvement in this business. If the average rental property is \$1.2K a month and the average bundle monthly bill is \$120, the property manager is risking their main income for less than .5% of the rental property monthly income, since he still have to pay the PCO. Exclusive and bulk billing agreement hurt the competitive position of an apartment complex with ever decreasing quality of service due to no upgrades and customers leaving the property looking for choices in service.

For new developments the argument that state of art fiber to the home can not be attain without exclusivity or bulk billing is absurd. The cost of fiber to the home is about \$3K per home. If you are buying a \$300K home that would be about 1% of the price of the home. On today's market the builder risks a \$300K income for a monthly profit of uncertain future. Ask any homeowner involved on any type of exclusive or bulk agreement, and they would gladly pay the cost of fiber to the home. I would. Some homeowners spend more in just fixtures and appliances. Given that all HOA/developers exclusive and bulk services packages are overpriced, the homeowner would recuperate his initial investment in less than 5 years. All this while obtaining the services he wants and avoiding premium prices for substandard service. Not to mention the ability to select the company of his or her choice, being able to switch service providers and not having to pay twice for the same service.

For new developments and rental properties there is also the argument of the amenity of the ready to move in unit. They must mean a cable ready to move in unit, you still have to call and set up all other utilities. I would never call an exclusive contract an amenity; in fact I would never buy another property with any type of exclusive agreement. The less glamorous truth is developers and property managers make large profits from the exclusivity and bulk billing agreements and PCO get to lock-out competition and a steady multi-year income. The consumer is left to deal with ugly side effects of exclusivity.

Letters on this docket reflect how the cable industry, developers and property managers inflict pain on its customers rather than provide them with good service. Then, they lie about their services with worn down market spins, the same lies their customers have heard and continue to hear today. PCO's developers and property managers are getting away with these practices. I urge the FCC to stop this madness. These deals are closing competition and are a major impediment to increase broadband development in the United States.